

Message Text

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ACTION EB-06

INFO OCT-01 EA-06 NEA-06 ISO-00 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-05

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FM AMEMBASSY NEW DELHI
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INFO AMEMBASSY COLOMBO
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AMEMBASSY KATHMANDU
AMEMBASSY RANGOON
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AMCONSUL CALCUTTA
AMCONSUL MADRAS

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E. O. 11652: N/A

TAGS: ENRG, IN

SUBJ: INDIAN OFFSHORE OIL ACTIVITY GAINS MOMENTUM

REF: (A) NEW DELHI 7296 (B) NEW DELHI 6395 (C) NEW DELHI 7048
(D) NEW DELHI 12883

SUMMARY: IMPROVED POST-MONSOON WEATHER CONDITIONS IN THE ARABIAN SEA
AND THE BAY OF GENGAL HAVE CONTRIBUTED TO A NOTABLE INCREASED IN
OFFSHORE OIL EXPLORATION IN INDIA DURING THE PAST TWO WEEKS. THE
GOI-OWNED, OIL AND NATURAL GAS COMMISSION/OFFSHORE COMPANY
INTERNATION OPERATED, DRILLSHIP, "SAGAR SAMRAT", IS BACK IN ACTION
IN THE BOMBAY HIGH (REF. A) THE SAN FRANCISCO-BASED NATOMAS
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GROUP HAS BEGUN ITS PRELIMINARY SEISMIC SURVEY OF THE FIRM'S

OFFSHORE CONTRACT AREA IN THE BAY OF BENGAL (AREA VII; REF. B), AND READING & BATES' (OKLAHOMA) SEISMIC SHIP HAS ARRIVED IN INDIA TO BEGIN FIRST PHASE SURVEYS OF THAT COMPANY'S CONTRACT AREA IN THE ARABIAN SEA IN ABOUT ONE WEEK (AREA I; REF. C). ADDITIONALLY, THE GOI HAS ACTIVELY MOVED BACK IN TO NEGOTIATIONS WITH FOREIGN COMPANIES SEEKING OFFSHORE EXPLORATION CONTRACTS ELSEWHERE ON INDIA'S CONTINENTAL SHELF.

END SUMMARY.

1. REPORTEDLY, ONGD'S SECOND EXPLORATION WELL IN THE BOMBAY HIGH IS NOW PROGRESSING SATISFACTORILY-- ALBEIT SOME FIVE MONTHS BEHIND SCHEDULE. THE FIRST BOMBAY HIGH "DISCOVERY WELL" (H-1-1-1)(REF. A) WAS SUCCESSFULLY BOTTOMED BY THE SAGAR SAMRAT ON APRIL 8, 1974, AT A DEPTH OF 1,786 METERS (5,860 FEET). MINOR REPAIRS TO THE RIF AND A SERIES OF UNFORTUNATE MISCALCULATIONS BY THE INDIAN WEATHER BUREAU COMBINED TO HOLD THE DRILLSHIP IN BOMBAY PORT THROUGHOUT THIS YEAR'S MONSOON SEASON (REF. A). COSTLY THOUGH THIS WAIT TIME HAS BEEN, OPTIMISM IN ONGC IS NONETHELESS RUNNING HIGH FOR AN ACCELERATED 7-8 MONTH EXPLORATION/DEVELOPMENT PROGRAM AHEAD; TO BE AIMED AT PROVING THE EXISTANCE OF A SIZEABLE PRODUCTION FIELD IN THIS STRUCTURE. THE SAGAR SAMRAT IS CURRENTLY LOCATED 300 METERS FROM H-1-1-1, WITH PLANS TO EXTEND THIS WELL TO A DEPTH OF ABOUT 1,200 METERS (3,937 FEET). IF SATISFACTORY, SEVERAL SLANT AND DEFLECTION HOLES WILL FOLLOW IMMEDIATELY FROM THE SAME LOCATION FOR OILFIELD DEVELOPMENT.

2. NATOMAS GENERAL MANAGER, A.C. MACKAY, INFORMED MINATT OCTOBER 28 THAT HIS COMPANY'S SEISMIC SHIP CLEARED INDIAN CUSTOMS (IN CALCUTTA) OCTOBER 21 AND MOVED IMMEDIATELY TO ITS ASSIGNED BAY OF BENGAL CONTRACT AREA FOR EQUIPMENT CALIBRATION AND PRELIMINARY DATA GATHERING. READING & BATES HOPES TO FOLLOW A SIMILAR COURSE OF ACTION, IN THE ARABIAN SEA ADJACENT TO THE INDO/PAK (UN-SURVEYED) OFFSHORE INTERNATIONAL BOUNDARY ON OR SHORTLY AFTER NOVEMBER 1.

3. WE UNDERSTAND THAT THREE ADDITIONAL COMPANIES ARE NOW NEGOTIATING WITH THE GOI FOR OFFSHORE OIL EXPLORATION CONTRACTS IN INDIAN WATERS-- ZAPATA EXPLORATION COMPANY, HOUSTON (REF. D), ASAMERA OIL CORPORATION OF CANADA, AND ENI OF ITALY-- AND THAT THE PROPOSED TERMS PUT FORTH BY EACH DIFFER WIDELY. WE PREVIOUSLY LIMITED OFFICIAL USE

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REPORTED THAT ZAPATA HOPES TO OBTAIN TWO OFFSHORE OIL EXPLORATION CONTRACTS; AN UNCOMPLICATED DRILLING AGREEMENT DESIGNED TO AUGMENT DEVELOPMENT OF THE BOMBAY HIGH, AND A PRODUCTION-SHARING CONTRACT IN THE PALK STRAIT NORTHWEST OF SRI LANKA (REF. D). WHILE THIS PROPOSAL REPORTEDLY REMAINS UNDER CONSIDERATION BY THE GOI, A QUESTION EXISTS AS TO HOW LONG ZAPATA PLANS TO KEEP ITS OFFER OPEN. IN SEPTEMBER, ZAPATA ASKED THE GOI TO REACH A "YES OR NO" DECISION PRIOR TO OCTOBER 20, AND CONCURRENTLY

PROMISED TO KEEP THIS EMBASSY ADVISED OF PROGRESS. WE HAVE NOT YET
CONFIRMED THE GOI'S CURRENT POSITION ON THIS MATTER (BUT BELIEVE THAT
A DECISION HAS NOT BEEN REACHED) AND WE HAVE NOT HEARD FROM
ZPAPTA EITHER. ASAMERA, ON THE OTHER HAND, IS SEEKING A STRAIGHT
PRODUCTION-SHARING CONTRACT SIMILAR TO THOSE GRANTED TO NATO MAS
AND READING & BATES EARLIER, AND ENI'S PROPOSAL ENVISAGES A
PACKAGE DEAL COLLABORATION WITH THE GOI (TO JOINTLY EXPLORE
FOR OIL IN INDIAN WATERS AND HOPEFULLY IN LIBYA AND ALGERIA
AS WELL). WE ARE ATTEMPTING TO OBTAIN FURTHER DETAILS ON
EACH OF THE NEWLY -PROPOSED PROJECTS AND WILL REPORT IN
GREATER DEPTH ASAP.
MOYNIHAN

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